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# MULTIMEDIA UNIVERSITY

## FINAL EXAMINATION

TRIMESTER 3, 2016/ 2017

### BGM2054 – GLOBAL MANAGEMENT

30 May 2017  
2.30 pm – 4.30 p.m  
(2 Hours)

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#### INSTRUCTIONS TO STUDENTS

1. This question paper consists of **EIGHT (8)** pages (including the cover page).
2. There are **TWO** sections in the question paper:
  - a. Section A consists of 20 multiple choice question. Answer **ALL**.
  - b. Section B consists of **FIVE** questions. Answer any **THREE**.
3. For Section A, use the OMR form provided.
4. For Section B, write all your answers in the Answer Booklet provided.

**SECTION A – Multiple Choice Questions. ANSWER ALL.**

1. The importance of trade for a nation can be measured by \_\_\_\_\_.
  - a. examining the amount of wealth acquired by the national government through restrictive trade policies
  - b. the living standards of people involved in only trade activities
  - c. the number of acquired territories the nation has that serves as sources of inexpensive raw materials
  - d. examining the volume of its trade relative to its total output
2. A majority of the total world merchandise trade occurs among \_\_\_\_\_.
  - a. middle-income and low-income economies
  - b. high-income economies
  - c. newly industrialized countries
  - d. emerging markets
3. The danger of trade dependency is that \_\_\_\_\_.
  - a. it often leads to the exploitation of developed countries
  - b. political turmoils in a country might affect all dependent countries
  - c. the countries involved in trade often get into rivalry over trade tariff issues
  - d. it is difficult to end trade activities with current trade partners and find new trade partners
4. Which of the following industries is typically protected for national security reasons?
  - a. Agriculture
  - b. Textile
  - c. Automobile
  - d. Housing
5. Pesky Pests, Inc. is a manufacturing company that sells pest control products. Recently the company launched an innovative mousetrap with a unique design that has been selling well in the U.S. market. Senior Vice President Marc Wallace, even recommended expanding sales overseas in order to increase company revenues.

In reviewing his fulfillment process, Jack, the operations manager, realizes that different customers opt for different types of shipping based on their preferences. Which of the following would most likely help Jack provide better shipping service to his customers?

**Continued...**

- a. Introduce overnight delivery but at a very high cost
  - b. Reduce costs by implementing a cheaper but slower delivery method
  - c. Implement a universal delivery method to capitalize on efficiency gains
  - d. Offer customers a choice of delivery methods with different speeds and costs
6. Which of the following is a political motive behind a government's intervention in trade?
- a. Promoting a strategic trade policy
  - b. Gaining influence over other nations
  - c. Protecting a country from unwanted cultural influence
  - d. Protecting young industries from competition
7. Which of the following is true of government interventions in a country's trade practices?
- a. A major economic motive behind government intervention in trade is the protection of jobs.
  - b. A major political motive behind government intervention in trade is the protection of infant industries.
  - c. Government interventions help companies take advantage of economies of scale and be the first movers in their industries.
  - d. Governments intervene to protect only imports, as the protection of exports is handled by private agencies.
8. \_\_\_\_\_ refers to the unwanted cultural influence in a nation that can cause great distress and lead governments to block imports it believes to be harmful.
- a. Cultural imperialism
  - b. Cultural protectionism
  - c. Dumping
  - d. Capitalism
9. The purpose of \_\_\_\_\_ is to force companies from other nations to use local resources in their production processes, particularly labor.
- a. administrative delays
  - b. currency controls
  - c. local content requirements
  - d. voluntary export restraints

Continued...

**Refer to the following scenario to answer Questions 10-13.**

Scenario: Flyawayland

Flyawayland is a semi-closed economy whose government believes in protecting national identity and building a self-sustained economy. The government's priority is to protect local jobs and provide opportunities to Flyawayland 's emerging industries to flourish without the threat of external competition.

10. Which of the following motives is least likely attributed to Flyawayland 's restriction on free trade?
- a. Political motives
  - b. Economic motives
  - c. Social motives
  - d. Cultural motives
11. Flyawayland 's protection of its national identity is an example of a(n) \_\_\_\_\_.
- a. political motive
  - b. economic motive
  - c. cultural motive
  - d. social motive
12. Which of the following motives illustrates Flyawayland 's efforts to protect local jobs?
- a. Political motive
  - b. Economic motive
  - c. Cultural motive
  - d. Social motive
13. Flyawayland 's efforts to provide opportunities to its emerging industries is an example of its \_\_\_\_\_.
- a. political motive
  - b. economic motive
  - c. cultural motive
  - d. social motive

**Continued...**

14. The process whereby countries in a geographic area cooperate with one another to reduce or eliminate barriers to the international flow of products, people, or capital is called \_\_\_\_\_.
- a. regional economic integration
  - b. protectionism
  - c. mercantilism
  - d. economic nationalism
15. Which of the following is an important goal of regional economic integration?
- a. To increase the selling prices of products
  - b. To raise the living standards of people
  - c. To limit the choice of products available to customers
  - d. To establish a socialist government
16. Economic integration whereby countries remove all barriers to trade among themselves, but each country determines its own barriers against nonmembers, is called a(n) \_\_\_\_\_.
- a. economic union
  - b. customs union
  - c. common market
  - d. free trade area
17. Economic integration whereby countries remove all barriers to trade among themselves, but set a common trade policy against nonmembers is called a(n) \_\_\_\_\_.
- a. preferential trade area
  - b. customs union
  - c. economic nationalism
  - d. free trade area

**Refer to the following scenario to answer Questions 18-20.**

Scenario: Moonraker Union

Twenty-six nations of Moonraker region, have decided to cooperate with one another to eliminate trade barriers among them and create the Moonraker Union. They are not sure, however, to what extent they want to cooperate.

18. As a first stage of cooperation, the countries agree to remove all barriers to trade among themselves. Each country also maintains policies it sees fit against nonmembers. At this stage, Moonraker can be described as a \_\_\_\_\_.

**Continued...**

- a. free trade area
  - b. political union
  - c. common market
  - d. customs union
19. Some countries in Moonraker Union are interested not just in free trade among themselves and a common trade policy against nonmembers, but also in removing all barriers to the movement of labor and capital among themselves. This type of integration is best described as a \_\_\_\_\_.
- a. free trade area
  - b. preferential trading area
  - c. customs union
  - d. common market
20. Country X advocates the greatest level of integration possible for the member nations of the Moonraker Union. Which of the following is Country X most likely to support?
- a. Political union
  - b. Free trade area
  - c. Customs union
  - d. Economic union

**SECTION B: ANSWER ANY THREE (3) QUESTIONS.**

**QUESTION 1**

PPP is the relative ability of two countries' currencies to buy the same "basket" of goods in those two countries. Tells how much of currency "A" a person in nation "A" needs to buy the same amount of products that someone in nation "B" can buy with currency "B." A unique aspect of purchasing power parity is in the context of exchange rates.

**Required:**

- a. Explain the assumptions of the purchasing power parity. (10 marks)
- b. There are factors that influence the power of purchasing power parity to accurately predict exchange rates. What are the are limitations to the PPP concept? (10 marks)

**Continued...**

**QUESTION 2 [20 marks]**

The strengths and capabilities of international companies and environmental forces play a role in strategy. Two of the commonly adopted strategies are the global strategy and growth strategy.

**Required:**

- a. Distinguish between the two strategies by explaining the complementary roles of:
- i. a global strategy. (10 marks)
  - ii. corporate growth strategy. (10 marks)

**QUESTION 3 [20 marks]**

An entry mode is the institutional arrangement by which a firm gets its products, technologies, human skills, or other resources into a market. Companies seek entry to new marketplaces for manufacturing or selling products.

Some products simply cannot be traded in open markets because they are intangible. Companies can use a variety of contracts to market highly specialized assets and skills in international markets. Among the contractual entry mode is licensing, franchising, management contract and turnkey projects.

**Required:**

- a. Give the advantages of each of the contractual entry mode. (10 marks)
- b. Give the disadvantages of each of the contractual entry mode. (10 marks)

**QUESTION 4 [20 marks]**

Globalization affects international business activities, industries, and products differently. Some companies market an identical product worldwide, whereas others must adjust marketing strategies across national markets.

**Continued...**

Efforts by companies to reach distribution channels and target customers through communications such as personal selling, advertising, public relations, and direct marketing are called its promotion mix. One method being used is the push and pull strategies. The strategy to use depends on the type of distribution system, access to mass media, and the type of product.

**Required:**

- a. Distinguish between the push and pull strategy.  
(10 marks)
- b. Explain the three type of distribution system under the push and pull strategies.  
(10 marks)

**QUESTION 5 [20 marks]**

International HRM differs considerably from HRM in a domestic setting because of differences in national business environments.

Staffing policy is the means by which a company staffs its offices; staffing policy is influenced by international involvement. The main approaches to the staffing of international operations are ethnocentric, polycentric, and geocentric.

**Required:**

- a. Describe each of the staffing approach mentioned above.  
(6 marks)
- b. Give are the advantages of each one of them.  
(14 marks)

**End of Paper**